

## Message Text

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PAGE 01 EC BRU 04600 231307Z

44

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 NSC-05 SS-15 TAR-01

L-02 /078 W

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R 231206Z MAY 75

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TO SECSTATE WASHDC 8926

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PASS TREASURY, CEA AND FRB

E.O. 11652C NA

TAGS: EFIN EEC

SUBJECT: EC COMMISSION ASSESSMENT OF EC-US FINANCIAL TALKS OF  
MAY 16

REFS: A. EC BRUSSELS 4519 B. EC BRUSSELS 4105

C. EC-A-191, MAY 21, 1975

1. SUMMARY: EC COMMISSION OFFICIALS BELIEVE THE EXCHANGE  
OF VIEWS BETWEEN EC AND US FINANCIAL OFFICIALS WAS FRUITFUL.  
THEY ARE ENCOURAGED BY THE PROJECTED UPTURN IN THE US  
ECONOMY. WHILE WANTING TO CONTINUE MINISTERIAL LEVEL  
MEETINGS FROM TIME TO TIME, COMMISSION OFFICIALS WOULD  
LIKE NEXT TO CONSIDER HAVING A MEETING AMONG SENIOR  
FINANCIAL OFFICIALS NEAR THE END OF THE YEAR. END SUMMARY.

2. EC COMMISSION OFFICIALS WERE PLEASED WITH THE RESULTS  
OF THE MEETINGS OF IRISH FINANCE MINISTER RYAN AND  
COMMISSION VICE PRESIDENT HAFERKAMP WITH SECRETARY  
SIMON, MR. GREENSPAN, MR. SEIDMAN AND CHAIRMAN BURNS  
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PAGE 02 EC BRU 04600 231307Z

IN WASHINGTON ON MAY 16. THEY THOUGHT THE BASIC

PURPOSE OF THE TRIP WAS ACCOMPLISHED, I.E., ESTABLISHING CLOSER EC CONTACT ON FINANCIAL ISSUES WITH THE US AT THE CABINET LEVEL. EC OFFICIALS ARE PLEASED OVER WHAT THEY CONSIDER TO BE A FRIUTFUL EXCHANGE OF VIEWS AND THE WILLINGNESS OF SECRETARY SIMON TO CONTINUE THESE MEETINGS FROM TIME TO TIME.

3. OFFICIALS HERE WERE ALSO PLEASANTLY SURPRISED OVER THE CONSENSUS OF VIEWS IN WASHNIGTON THAT THE US RECESSION HAD NOW BOTTOMED OUT AND THAT THE PACE OF THE ECONOMY WOULD TURN-UP IN THE SECOND HALF, REACHING A PROJECTED 7 PERCENT ANNUAL AVERAGE GROWTH RATE FOR THE MONTH OF DECEMBER. AS INDICATED IN REFS B AND C, THE COMMISSION BELIEVES THE ED'S ECONOMIC DOWNTURN WILL NOT BE AS SHARP AS THE US'S, BUT IT MAY LAST LONGER AND THE UPTURN WILL BE MORE MODERATE.

4. RYAN BRIEFLY DISCUSSED THE HIGHLIGHTS OF HIS MEETINGS AT THE FINANCE MINISTERS' LUNCHEON ON MAY 20 (SEE REF A). (RYAN HAD ALREADY GIVEN A DETAILED BRIEFING TO THE EC-NINE AMBASSADORS IN WASHNIGTON WHO IN TURN HAD REPORTED TO THEIR CAPITALS. IT WAS CONSEQUENTLY NOT NECESSARY TO VOCER THE SAME GROUND IN DETAIL.) THE MINISTERS WERE ALSO ENCOURAGED BY THE PROJECTED UPTURN IN THE US ECONOMY BUT SOME MINISTERS WERE NOT AS OPTIMISTIC AS US AUTHORITIES ABOUT THE TIMING OT THE PROJECTED US ECONOMIC TURN AROUND.

5. EC OFFICIALS WANT TO AVOID FORMALIZING THESE MEETINGS BECAUSE SEVERAL MEMBER STATES WANT TO KEEP AWAY FROM THE APPEARANCE OF INSTITUTIONALIZING THEM. NEVERTHELESS, THE NINE ARE REPORTEDLY PRPARED TO HAVE FURTHER MINISTERIAL LEVEL MEETINGS WHEN ECONOMIC CONDITIONS CALL FOR SPECIAL CONSULTATIONS. COMMISSION OFFICIALS WOULD LIKE TO FOLLOW UP ON THE MEETING VIA AN EXCHANGE OF VIEWS AT SENIOR OFFICIAL LEVEL IN WASHINGTON NEAR THE END OF THE YEAR. THE EC DELEGATION MIGHT BE LED BY THE COMMISSION DIRECTOR GENERAL FOR FINANCIAL AFFAIRS UGO MOSCA. BY THE TIME THE EC SHOULD HAVE A BETTER IDEA OF ITS LONGER-TERM ECONOMIC TRENDS. FORECSASTS FOR NEXT YEAR WOULD ALSO BE DISCUSSED. THIS PROPOSAL WOULD NOT FORECLOSE LIMITED OFFICIAL USE

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PAGE 03 EC BRU 04600 231307Z

ANOTHER MINISTERIAL LEVEL MEETING THIS YEAR, BUT COMMISSION OFFICIALS BELIEVE THAT SUCH A MEETING WOULD ONLY BE NECESSARY IF THERE SHOULD BE AN UNFORE-SEEN ECONOMIC DEVELOPMENT. COMMISSION OFFICIALS WOULD ALSOLIKET OT ENCOUAGREUS FINANCIAL OFFICIALS TO VISIT BRUSSELS FOR CONVERSATIONS WITH EC OFFICIALS. GREENWALD

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